

REVISED ANALYSIS

Franchise Tax Board

Author: Cedillo Analyst: Darrine Distefano Bill Number: AB 63
Related Bills: See Legislative History Telephone: 845-6458 Original Date: 12-06-2000
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: FTB Disclosure of Tax Return Information to City Tax Officials If Written Agreement

- ____ REVENUE ESTIMATE CHANGED.
____ FURTHER CONCERNS IDENTIFIED.
____ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED June 13, 2001
X STILL APPLIES.
____ OTHER - See comments below.

SUMMARY OF BILL

This bill would:

- * Allow the Franchise Tax Board (FTB) to disclose a taxpayer's name, address, social security or taxpayer identification number, and business activity code to tax officials of a city, and
- * Require the necessary departmental costs to be paid before any tax information is provided to city tax officials.

SUMMARY OF REVISION

This analysis is being provided to revise the fiscal impact on FTB. FTB determined a more cost-effective way to capture the information in an already existing address field on the Form 540, California Resident Income Tax Return and the Form 540 NR, California Nonresident or Part-Year Resident Income Tax Return. In doing this, the department eliminated the majority of the manual processing hours and the need for additional system equipment that were included in the original cost estimate. The costs for periodic disclosure audits to be conducted by FTB on contracting cities have not changed.

POSITION

Sign.

At its May 2, 2001, meeting, the Franchise Tax Board voted 2-0 to support this bill, with Annette Porini, on behalf of Member B. Timothy Gage, abstaining.

Board Position:	Legislative Director	Date
<u>X</u> S ____ SA ____ N	____ NA ____ O ____ OUA	____ NP ____ NAR ____ PENDING
	Brian Putler	08/29/01

FISCAL IMPACT

FTB would incur costs for the additional employee hours required for processing, programming, testing, and maintaining the systems. In the year of implementation, it is estimated that FTB costs would be approximately **\$355,000** to cover an expected **5 personnel years (PYs)**. For the year following implementation, costs would be approximately **\$240,000** to cover an expected **3 PYs**.

The 5 PYs in the first year of implementation will cover: 2 positions required for processing and providing the information; 1 position for the development, programming, and testing of the systems; 1 position for accounting; and 1 position for maintaining the database. The ongoing 3 PYs will be used to cover processing, annual programming and testing, and accounting.

In addition, FTB would need another **2 PYs** at an annual cost of **\$150,000** for periodic audits of the cities to ensure that recipients of the tax information are complying with the statutory confidentiality requirements.

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